No. 89-1193

In The

Supreme Court of the United States

October Term, 1989

B & H INDUSTRIES OF SOUTHWEST FLORIDA, INC.

Petitioner,

V.

RICHARD A. DIETER et al.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

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QUESTIONS PRESENTED

1. Did the Court of Appeals exceed its appellate authority in reversing the trial court's findings of fact when the Court of Appeals, contrary to its repeated statements that it had reviewed the entire record including the exhibits, did not have any of the trial court exhibits which were critical to a proper evaluation of the evidence considered by the trial court?

2. Should this Court reverse the Court of Appeals' decision due to the failure to comply with Rule 52, F.R.Civ.P., Rule 10, F.R.App.P. and prior decisions of this Court which require a review of the entire record prior to reversal of a

trial court's findings of fact as clearly erroneous?

3. Did the Court of Appeals improperly expand beyond this Court's decision in Park 'N Fly, Inc. v. Dollar Park and Fly, 469 U.S. 189 (1985) (hereinafter "Park 'N Fly") by creating a presumption that a registered trademark which has achieved incontestable status is a strong mark, an important question of federal law which has not been but should be decided by this Court?

4. Should the Court of Appeals' decision be reversed since it is in direct conflict with post-Park 'N Fly decisions in

virtually every other circuit and post- Park 'N Fly amendments to the Federal Trademark Law relating to the rights to be afforded incontestable trademark registrations?

STATEMENT PURSUANT TO RULE 28.1

Petitioner B & H Industries of Southwest Florida, Inc. does not stand in the position of parent, affiliate or subsidiary to any other corporation.

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IN THE SUPREME COURT OF THE UNITED STATES

October Term, 1989

B & H Industries of Southwest Florida, Inc.,

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v.

Richard A. Dieter et al.,

Respondents.

OPINIONS BELOW

The opinion of the United States District Court for the Middle District of Florida entered on April 11, 1988, reported at 683 F. Supp. 1345, is reprinted in the Appendix at A22. The opinion of the Court of Appeals for the Eleventh Circuit dated August 10, 1989, reported at ____ F.2d __, 11 U.S.P.Q. 2d 1721, is reprinted in the Appendix at A1. The denial of

Petitioner's Suggestion for Rehearing In Banc entered September 21, 1989 is reprinted in the Appendix at A78.

JURISDICTIONAL STATEMENT

The judgment of the Court of Appeals for the Eleventh Circuit appealed from herein was entered on August 10, 1989. Petitioner filed a Suggestion of Rehearing In Banc which was denied on September 21, 1989. This Petition for Certiorari was filed within ninety (90) days of that date. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTES AND RULES INVOLVED

This case involves Rule 52(a), Federal Rules of Civil Procedure; Rule 10(a), Federal Rules of Appellate Procedure; Rule

10(e), Federal Rules of Appellate Procedure; 15 U.S.C. § 1115(b); 15 U.S.C. § 1119; Rule 11-2, Eleventh Circuit Court of Appeals,; Rule 11-3, Eleventh Circuit Court of Appeals; Rule 30-1, Eleventh Circuit Court of Appeals; and, Rule 42-1(b), Eleventh Circuit Court of Appeals. These provision are reproduced in the accompanying Appendix.

STATEMENT OF THE CASE

A. Nature of the Case

On March 27, 1987, Respondents Richard A. Dieter and Dieter General Contractor Inc. (hereinafter collectively "Dieter"), sued Petitioner, B & H Industries of Southwest Florida Inc. (hereinafter "B & H"), for trademark infringement and unfair competition under 15 U.S.C. §§ 1114(a)(1)

and § 1125(a) and Florida common law and for damage to business reputation under Fla. Stat. § 495.151. Jurisdiction of the trial court was based upon 15 U.S.C. § 1121 and 28 U.S.C. § 1338(a) and (b). B & H answered denying all charges and raising the affirmative defense of abandonment which, if proven, would have justified cancellation of Dieter's trademark registration. The following summary of the factual findings of the District Court (Appendix, A24-A47) outlines the basic dispute between the parties.

Dieter is the president and sole shareholder of Richard A. Dieter General Contractor, Inc., a Florida corporation (Dieter, Inc.). Dieter, Inc. has its headquarters in the Tampa Bay area, and it does business under the name "Shutterworld."

Shutterworld assembles, distributes and deals in various types of shutters, including pre-hung wooden shutter assemblies. According to the testimony of Dieter, Shutterworld sells its shutters through approximately 300 dealers, located along the west coast of Florida between New Port Richey and Naples. It also sells directly to customers from its two retail outlets, which are located in Tampa and in Largo, Florida.

In 1976 Dieter applied for federal registration of a trademark incorporating the name "Shutterworld." The mark consists of the name in script form posed on a large letter "O" (Appendix A77). Dieter was granted registration number 1,062,778 on April 5, 1977 for use of the mark on "pre-hung wooden shutter assemblies."

In 1983, a "combined sections 8 & 15 declaration" was filed by Janet E. Hudson as secretary-treasurer. The declaration stated that "Shutterworld, Inc., a Florida corporation" was owner of federal registration number 1,062,778. It stated that the registered mark had been in continuous use in interstate commerce for "pre-hung wooden shutter assemblies" since April 5, 1977, and that the mark was still so used.

Dieter deals primarily in decorative wooden shutters that are intended for indoor use. The various models include shutters with small louvers ("regular slatted" models), shutters with wide louvers, and "fabric frame" shutters without louvers. Deiter testified that he deals also in exterior shutters.

The wooden interior shutters that Dieter carries are manufactured at Dieter's headquarters in Largo. Dieter has a manufacturing location in Fayette, Missouri. The operation in Missouri consists primarily of the ripping and finishing of materials for the shutter Frames; Dieter testified that a few sales of wooden shutters are made from the location.

Dieter does not manufacture any of the exterior shutters that he sells. These shutters are purchased from independent suppliers and resold under the name "Shutterworld."

Dieter sells his products to dealers, to builders, and directly to the public. Many of the dealers to whom Dieter sells are interior decorators, who include

Dieter's interior shutters in their job estimates. Dieter provides shutters either unfinished, or finished with paint or stain. Dieter testified at trial that 75% of the wooden shutters that he sells, either through dealers or from one of his retail outlets, have been painted or stained.

Dieter has made use of the name "Shutterworld" in forms other than the registered design. The name "Shutterworld" is used on large signs and awnings at both the Tampa and Largo retail outlets. At each of these locations, the name appears in plain block letters and as a single, unhyphenated word. The name appears on Dieter's delivery truck, again in block letters, this time superimposed on a depiction of the globe. It is used on plaintiff's letterhead, in a script form

similar to that in the registered version but without the large "O" that forms part of the registered design. The name has been used in plain block letters in advertisements appearing in various media.

Dieter since the mid-seventies has bought newspaper and telephone book advertising in the Tampa-St. Petersburg area. Since that time he has placed ads in the St. Petersburg Times and Tampa Tribune (Sunday television sections). Before Dieter's Osprey, Florida store was closed in 1977, Dieter advertised in the Sarasota Herald Tribune. His advertisement appears in the yellow pages (telephone directory) for Clearwater, St. Petersburg, Sarasota, Palmetto, Lakeland, New Port Richey, Tampa, and other areas in the vicinity (Pinellas, Hillsborough and Pasco counties). Dieter's

telephone book advertisements appear under the listing for "shutters". In all of the newspaper and telephone book ads, Dieter's product is identified with the single word "Shutterworld" in block letters.

Dieter's gross sales of shutters for fiscal years 1982 through 1986 were as follows:

1982	$183,959
1983	$212,455
1984	$274,124
1985	$265,690
1986	$350,000

In 1987, Dieter spent between $14,000 and $15,000 in advertising.

B & H has been engaged in the shutter business in Southwest Florida under the name "Shutterworld" since 1983. Its headquarters is in Fort Myers, which is approximately 120 miles south of Tampa and

Largo. Before using the name "Shutterworld," B & H did business in the Fort Myers area as "Gary's Hurricane Shutter Center."

B & H sells a product that was described at trial as an insulated roll-down security shutter. This shutter is designed primarily for exterior installation. It provides protection from hurricanes and intruders, but is not intended for decoration.

In early advertisements, B & H used the name "Shutterworld" in conjunction with the slogan "a name you can rely on," but later substituted the term "the roll shutter leader" to eliminate the possibility that the name would be identified with products other than roll-down shutters.

B & H obtained a Florida registration of the mark "Shutterworld, a name you can rely on" and accompanying design on February 7, 1984. The registration reflects that B & H first used the mark in September of 1983. The design as registered includes the name in "neon sign" typeface, with an oversized letter "O", and a stylized form of the letters "SW" in three-line script against a dark background. At the time of state registration of the mark, B & H was told that the name "Shutterworld" had not previously been registered in Florida and was available for its use.

B & H sought federal registration of the "Shutterworld" name and logo in 1986. The mark submitted to the U.S. Patent and Trademark Office at that time differed

slightly from the state registered mark. B & H retained the name "Shutterworld" in neon sign lettering but placed the separate "SW" motif inside the large "O" in the word itself. The phrase "the roll shutter leader" was substituted for "a name you can rely on." Appendix A77. The trademark application stated that B & H intended to use the mark on "roll-up security shutters."

Federal registration of B & H's mark originally was refused because of the likelihood of confusion with Dieter's registered mark number 1,062,778. B & H amended its application for registration, submitting an affidavit and pictorial evidence to support its claim that there was a lack of confusion between its mark and Dieter's. The mark thereafter was

deemed apparently "entitled to registration," and was published pursuant to statute. Dieter filed an opposition to registration of the B & H mark.

B & H uses the term "Shutterworld" to identify its business; it also affixes labels containing its "Shutterworld the Roll Shutter Leader" mark to the roll-down shutters themselves by placing labels on the bottom slat of the shutters. The mark is used on B & H's business cards. Testimony at trial disclosed that B & H never intentionally uses the word "Shutterworld" unless it is accompanied by the slogan ("the roll shutter leader"), and in stylized form.

B & H does not maintain its own storefront for sales of its product. Rather, B & H's product is on display at

several independent "home improvement centers" located in the nearby communities of Naples, Venice and Port Charlotte. Most sales are made directly to homeowners. Sales representatives call at a customer's home, where they describe the features of B & H's product and explain the benefits of local custom installation.

B & H advertises its product via several media in the Fort Myers area. It has purchased ads in the Fort Myers News-Press; the Naples Daily News; the Sarasota Herald Tribune; and the Observer, a local tabloid. It has purchased television spots on three network affiliates out of Fort Myers and Naples. Before mid-1976 (sic 1986), it also advertised on two local radio stations. B & H has placed ads in the yellow pages

for Naples, Fort Myers, and Punta Gorda-Port Charlotte. According to testimony at trial, the ads generally identify B & H as "Shutterworld the roll shutter leader."

Trial testimony also established that B & H had no knowledge of Dieter's business or its use of the name "Shutterworld" prior to B & H's first use of the name. There was no evidence presented at trial to refute this. According to the record, B & H first learned of Dieter's trademark in October of 1984 by a letter from the U.S. Patent and Trademark Office. This was subsequent to B & H's Florida state registration of its "Shutterworld" mark. On the basis of this letter, B & H concluded that there was no likelihood of conflict between the two marks based upon

the report that Dieter's business was located in a separate geographic market (Largo), and involved "interstate" sales as opposed to the purely intrastate business of B & H.

B & H's gross product sales for fiscal years, 1983-1987 (ending 3/31/87) were as follows:

1983	$ 340,104
1984	$ 574,773
1985	$ 800,679
1986	$1,118,035
1987	$1,886,956

B & H estimated that as of January, 1988 it had spent a total of $650,000 on advertising.

The products of both parties are generally referred to as "shutters," and are listed in the telephone book under the "shutters" classification. However, Dieter's wooden interior shutters are

physically dissimilar to B & H's metal exterior shutters. The District Court was convinced, based upon the testimony and upon the physical evidence, that buyers of each of the two types of shutters have different uses for the shutters in mind.

The metal exterior shutters, specifically the "Bahama" and "colonial" shutters that Dieter carries, also differ in appearance from B & H's roll-down shutters.

The evidence showed that Dieter carried few, if any, exterior roll-down shutters in its stores, and there was no evidence that it had sold any through its dealers. This led the District Court to conclude that Dieter's dealings with this product were insubstantial.

A pair of Dieter's wooden interior shutters, unfinished, costs between $100.00

and $200.00, depending upon the size, and a painted or finished pair will cost approximately 40% more. An average sale of B & H's shutters runs from $3,000 to $5,000. Both parties' products represent substantial household investments that consumers are unlikely to purchase on impulse.

Dieter learned of B & H's use of the name "Shutterworld" in early 1987, and Dieter testified concerning two occasions shortly before trial in which his business was allegedly confused with that of B & H.

B & H's witnesses testified that they knew of no case in which a customer had mistaken its business for Dieter's.

In August of 1986, Dieter met with two representatives of B & H. The two representatives proposed to Dieter that it

carry B & H's roll-down security shutter product in its Tampa Bay area stores. Dieter refused, replying that the parties were in two different businesses. Dieter then proposed that Dieter license B & H to use the "Shutterworld" name, an offer which was refused.

The Complaint was filed on March 27, 1987.

B. Proceedings and Decisions Below

Following discovery by both parties and a denial of Dieter's motion for summary judgment, a trial was held on January 21 and 22, 1988 in Ft. Meyers, Florida before Senior District Judge Wendell A. Miles without a jury. During the two day trial, the court heard testimony from nine witnesses and admitted into evidence 38 exhibits.

The exhibits included two pre-hung wooden shutter assemblies produced by Dieter, a working model of B & H's motorized roll down security shutter, a magazine intended for circulation in Southwest Florida (Charlotte, Lee and Collier counties), samples of Dieter's and B & H's use of their respective products and trademarks, newspapers and phone book advertisements showing the parties' respective trademarks, Dieter's responses to B & H's request for admissions, Dieter's answers to B & H's interrogatories, and the document filed in the U.S. Patent and Trademark Office on which Dieter relied for his claim that the registration at issue was incontestable under 15 U.S.C. § 1115.

At the close of trial the court clerk collected all the exhibits introduced at

trial with the exception of Dieter's two large bulky pre-hung wooden shutter assemblies and the model of B & H's motorized roll down security shutter. By agreement with the attorneys for both parties, dimensioned photographs of these three physical exhibits were to be substituted for the original exhibits and the district court clerk received these substitute exhibits on January 29, 1988.

In a judgment filed April 11, 1988, Dieter's complaint was dismissed on the merits based upon 36 pages of Findings of Fact and Conclusions of Law written by Judge Miles and dated April 6, 1988. Appendix, A22.

The District Court considered seven factors in finding that Dieter failed to establish a likelihood of confusion: 1)

the type of trademark at issue; 2) similarity of design; 3) similarity of products; 4) identity of purchasers; 4) similarity or retail outlets; 5) similarity of advertising campaigns; 6) defendant's intent; and 7) actual confusion. Appendix, A55.

Recognizing the first factor as being "one of the most critical in the analysis", the District Court found Shutterworld, as used as a trade name, to be generic and therefore unprotectable. Appendix, A59. As to its use and registration as a trademark, the District Court characterized it as "descriptive." The District Court then considered whether the descriptive mark was entitled to heightened protection through proof of "secondary meaning . . . the tendency of the consuming public to

associate a trademark with a particular producer." The District Court held that Dieter had failed to show the existence of secondary meaning. Id.

As to the remaining factors, the District Court found:

1) there was a strong similarity in trademark design (Appendix, A62);

2) The respective products differ "In appearance, in purpose, function, and in price ... they are distinct products." (Appendix A62);

3) a homeowner-consumer conceivably would find it advantageous to outfit his home with both kinds of shutters, but the "retail strategies of the parties are not similar." (Appendix, A65);

4) the respective advertising campaigns are aimed at consumers in

different geographic markets and the evidence shows no medium in which both parties have advertised simultaneously (Appendix, A65 - A66);

5) the evidence showed no nefarious purpose by B & H (Appendix, A67); and

6) there is no solid, credible evidence that any potential customer has mistaken B & H's business for Dieter's (Appendix, A67 - A68).

An overall evaluation of these elements led the District Court to conclude that there was no likelihood of confusion (Appendix, A69).

Chief among the factors that the District Court found "significant" were the "weakness of [Dieter's] mark, and the lack of proof of actual confusion on the part of consumers" (Appendix, A70).

Dieter filed a timely appeal and B & H filed a cross-appeal on the sole issue of the denial of attorney fees. Briefs were filed by both parties and oral argument of the appeal was held on January 9, 1989.

In a per curiam opinion dated August 10, 1989 (Appendix, A1) the three judge panel (the "Panel") found that the District Court acted properly in using the above identified seven factor analysis and agreed with the District Court that the type of mark and evidence of confusion are the most important factors. Appendix, A7 - A8. However the Panel "disagree(d) and reverse(d)." Appendix, A5 - A10. The case was remanded to the District Court for further proceedings consistent with the opinion.

Specifically, the Panel found that the parties' customers, retail outlets, geographic areas of business and marketing channels were so similar as to be likely to cause confusion, and that the District Court's findings to the contrary were clearly erroneous. The Panel "agree[d] with the trial court's determination of the facts, but disagree[d] as to the effect of those facts" on the analysis of likelihood of confusion. Appendix, A10. The Panel also agreed with the District Court's findings that Dieter's mark lacked secondary meaning and that B & H adopted and used the mark in good faith. Appendix A9, A12.

Moreover, the Panel acknowledged that Park 'N Fly left unresolved the question of whether "incontestable" status bears only

on the validity of a mark or also on the strength of a mark in evaluating likelihood of confusion, an issue of first impression in the Eleventh Circuit. The Panel reversed the District Court and held that a mark's incontestable status renders a mark valid and also creates a presumption that the mark is strong. Appendix, A17 - A19.

On August 29, 1989 B & H filed a Suggestion for Rehearing In Banc. An order denying the Suggestion for Rehearing was entered September 21, 1989. Appendix, A78.

ARGUMENT

I. The Panel Exceeded Its Appellate Authority And Its Decision Should Be Reversed

A. The Court of Appeals Did Not Review The Entire Record

The Panel's decision alleges three times that the finding of "clearly

erroneous" was based upon a review of the entire record, including the exhibits introduced at trial. Appendix, A6, A9, A12. However, through no fault of B & H[1], the trial exhibits were not transferred to the Panel together with the remainder of the record.

On October 12, 1989 in the course of preparing the petition to this Court, Merrill N. Johnson, who has served as B & H's attorney from the beginning of this lawsuit, learned for the first time that

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1. Pursuant to the Rules of the United States Court of Appeals for the Eleventh Circuit, the clerk of the district court is responsible for determining when the record on appeal, including the exhibits, is complete. Rules 11-2 and 11-3. It is the appellant's duty to prepare an Appendix. Rule 30-1. An appellant's failure to file the record may result in dismissal. Rule 42-1(b).

none of the 38 exhibits introduced at trial were ever part of the record on appeal. Thus, these trial exhibits could not have been reviewed or considered by the Panel.

A written statement by Ola Solomon, Deputy Clerk of the U.S. Court of Appeal for the Eleventh Circuit dated October 12, 1989, was given to Mr. Johnson certifying that "there are no trial exhibits on file here in the Eleventh Circuit Court of Appeals, nor do our records indicate that trial exhibits were received here".

Subsequent investigation revealed that the trial exhibits had been retained in the vault of the District Court Clerk in Tampa and were never transmitted to the Court of Appeals in Atlanta. A written statement to that effect was given to Mr. Johnson by Lee LaVictoire, Deputy Clerk in the Tampa

office of the Clerk of the U.S. District Court for the Middle District of Florida, who served as court clerk at the original trial before Judge Miles.

B. Without a Complete Record, The Panel Improperly Reversed the Trial Court's Findings of Fact

The record on appeal was incomplete, as Rule 10(a), Federal Rules of Appellate Procedure, provides as follows:

> Composition of the record on appeal. The original papers and exhibits filed in the district court, the transcript of proceedings, if any, and a certified copy of the docket entries prepared by the clerk of the district court shall constitute the record on appeal in all cases.

(Emphasis Added).

Documentary evidence such as trial exhibits are an important part of the record which must be reviewed before

rendering appellate judgment as to a district court's finding. See Anderson v. City of Bessemer City, N.C., 470 U.S. 564, 574-75 (1985); Wu v. Thomas, 847 F.2d 1480, 1484 (11th Cir. 1988) (district court findings supported by both documentary and testimonial evidence cannot be reversed); In Re Beverly Mfg. Corp., 841 F.2d 365, 370 (11th Cir. 1988) (reviewing exhibits in evaluating the record in its entirety). An appellate court is obliged "under Rule 52(a) to engage in a comprehensive review of the documentary evidence to determine if clear error has been committed." Lawson Products, Inc. v. Avnet Inc., 782 F.2d 1429, 1439 (7th Cir. 1986) (Emphasis Added).

Having been presented with an incomplete record, the Panel had three options

available to it, but it was not in a position to reverse the District Court. Oil & Gas Income, Inc. v. Woods Exploration & Producing Co., 362 F.2d 309, 310 (5th Cir. 1966) ("[O]n this incomplete record... we cannot determine whether [the] award of an attorney's fee was correct. It would be premature for us now to express agreement or disagreement . . .").

The Panel could have affirmed the case rather than rule on an incomplete record. McDonough Marine Service, Inc. v. M/V Royal Street, 608 F.2d 203, 204 (5th Cir. 1979) (in the absence of the trial transcript, court must affirm district court's findings); Rachbach v. Cogswell, 547 F.2d 502, 504 (10th Cir. 1976) ("Without the trial transcript we cannot review the trial court's

fact findings and must accept their verity.").

The Panel could have dismissed the action. Moore v. United States, 412 F.2d 229 (5th Cir. 1969) (failure to prosecute the appeal by filing a proper record or appendix); Kelly v. Greer, 354 F.2d 209, 211 (5th Cir. 1965) (documents not produced as an appendix). Rule 42-1(b), Eleventh Circuit Court of Appeals, specifically provides that where an appellant fails to file the record, dismissal or sanctions are appropriate.

The Panel could have ordered that the record on appeal be supplemented. Salinger v. Random House, Inc., 818 F.2d 252, 253 (2nd Cir. 1987), cert. denied, 484 U.S. 890 (1987); Sanford Bros. Boats, Inc. v. Didrine, 412 F.2d 958 (5th Cir. 1969)

(refusal to hear issue on appeal due to incomplete record), citing Rule 10(e), Federal Rules of Appellate Procedure, which provides:

> Correction Or Modification Of The Record. If any difference arises as to whether the record truly discloses what occurred in the district court, the difference shall be submitted to and settled by that court and the record made to conform to the truth. If anything material to either party is omitted from the record by error or accident or is misstated therein, the parties by stipulation, or the district court either before or after the record is transmitted to the court of appeals, or the court of appeals, on proper suggestion or of its own initiative, may direct that the omission or misstatement be corrected, and if necessary that a supplemental record be certified and transmitted. All other questions as to the form and content of the record shall be presented to the court of appeals.

C. The Findings of the District Court Should Not Have Been Set Aside As Clearly Erroneous

As the Panel recognized, the Eleventh Circuit considers the determination of

likelihood of confusion to be a question of fact that may be overturned only if clearly erroneous. Appendix, A6. F.R.Civ.P. 52(a); E. Remy Martin & Co. v. Shaw-Ross Int'l Imports, Inc., 756 F.2d 1525, 1529 (11th Cir. 1985).

In addition, an appellate court cannot rule that the district court's findings were "clearly erroneous" under F.R.Civ.P. 52(a) unless it has reviewed the entire record. "A finding is 'clearly erroneous' when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." United States v. United States Gypsum Co., 333 U.S. 364, 395 (1948) (emphasis added); In Re Beverly Mfg. Corp., 841 F.2d 365, 369 (11th Cir. 1988).

> An appellate court cannot substitute its interpretation of the evidence for that of the trial court simply because the reviewing court "might give the facts another construction, resolve the ambiguities differently, and find a more sinister cast to actions which the District Court apparently deemed innocent."

Inwood Labs, Inc. v. Ives Labs, Inc., 456 U.S. 844, 857-58 (1982) (citation omitted) ("Ives Labs").

The clearly erroneous standard presents a "formidable challenge" to reversing the District Court's fact findings relating to the factors in the likelihood of confusion analysis. Ambrit, Inc. v. Kraft, Inc., 805 F.2d 974, 988 (11th Cir. 1986), cert. denied, 481 U.S. 1041 (1987). It is not sufficient that if the Panel had been the fact finder it would have found a likelihood of confusion on these facts. Id.

> This [clearly erroneous] standard plainly does not entitle a reviewing court to reverse the finding of the trier of fact simply because it is convinced that it would have decided the case differently. The reviewing court oversteps the bounds of its duty under Rule 52(a) if it undertakes to duplicate the role of the lower court. "In applying the clearly erroneous standard to the findings of a District Court sitting without a jury, appellate courts must constantly have in mind that their function is not to decide factual issues de novo." Zenith Radio Corp. v. Hazeltine Research, Inc., 395 U.S. 100, 123 [89 S.Ct. 1562, 1576, 23 L.Ed.2d 129] 1969. If the District Court's account of the evidence is plausible in light of the record viewed in its entirety, the Court of Appeals may not reverse it even though convinced that had it been sitting as the trier of fact, it would have weighed the evidence differently.

Anderson v. City of Bessemer City, North Carolina, 470 U.S. 564, 573-74 (1985).

The Panel expressly recognized that the District Court applied the proper legal standard for evaluating likelihood of

confusion and agreed with the trial court's determination of the facts. Appendix A7, A10. However, it disagreed with the "effect of those facts" and it reversed the District Court's findings on the issues of similarity of the parties' retail outlets and trade channels and geographic separation of the parties' markets. Appendix, A10.

The District Court found that the parties' customers were similar, but that their retail strategies were dissimilar, thus decreasing the likelihood of confusion. Appendix, A63 - A65. This conclusion was based on the evidence at trial that Dieters' sales were mainly through retail outlets and dealers, whereas B & H's sales were made at customer's homes. Id. The Panel interpreted those

facts differently, however, and reversed:

> This Court agrees with the trial court's determination of the facts, but disagrees as to the effect of those facts on this part of the analysis. These shutter purchasers are homeowners in a relatively small geographic area, and this court is not convinced that the difference between the retail strategies of Dieter and B & H is so great as to preclude confusion . . . . The Court finds that the similarity of the parties' customers and retail outlets is so strong as to be likely to cause confusion, and accordingly, the District Court's finding on factor four is clearly erroneous.

Appendix, A10 - A11.

The District Court also found that the parties' trade channels were geographically separate with no overlap in the parties' respective advertising media. On that basis, the District Court concluded that the dissimilarities in the parties' respective trade channels militated against

confusion. The Panel disagreed with the District Court's interpretation of the evidence, and reversed.

> We disagree with that conclusion. [The parties] are both located in the southwest quadrant of the state of Florida, and it is likely that Dieter's customers would be exposed to B & H's advertising, given the relatively small geographic area in which the parties are found and the likely overlap of advertising markets. . . . The court finds that the geographic separation of the two businesses is not substantial. Accordingly, the district court's conclusion that the geographical separation of the two parties obviated the likelihood of confusion is clearly erroneous.

Appendix, A11 - A12.

This Court's ruling in Ives Labs, supra, establishes that an appellate court does not have the authority to substitute its interpretation of the evidence for that of a trial court. Findings on the issues

of similarity of the parties' retail outlets and trade channels and geographic separation of markets are factual findings based on the testimonial and documentary evidence presented at trial. The trial exhibits evidenced and reinforced the District Court's conclusions as to the marketing strategies and separate geographic trading areas of the parties. The trial exhibits also included the defective incontestability affidavit discussed infra.

The Panel exceeded its authority in reversing the District Court's findings and its decision should be reversed.

II. The Panel Improperly Expanded Beyond This Court's Decision In Park 'N Fly By Creating a Presumption That Trademarks Which Have Achieved Incontestable Status Are Strong Marks

A. This Court's Ruling In Park 'N Fly Created A Presumption of Validity, Not Strength

Dieter claims ownership of an incontestable trademark registration, a fact considered by both the District Court and the Panel. If a registration has achieved incontestable status, the owner may rely on its registration as establishing certain statutory presumptions. Both tribunals recognized the statutory presumptions, but the District Court's interpretation of this Court's decision in Park 'N Fly differed dramatically from the Panel's interpretation. In Park 'N Fly, this Court held:

> We conclude that the holder of a registered mark may rely on incontestability to enjoin infringement and that such an action may not be defended on the grounds that the mark is merely descriptive. *** Respondent argues that there is no likelihood of confusion and therefore no infringement justifying injunctive relief. The District Court rejected [this] argument, but [it] was not addressed by the Court of Appeals. That court may consider it on remand.

469 U.S. at 205 (citations omitted). Thus, this Court recognized that there are two separate issues in an infringement analysis -- validity and likelihood of confusion. This Court held that the issue of likelihood of confusion was not properly before it.

The Panel also recognized that a plaintiff seeking to enjoin another's use of a trademark must establish two separate elements: "first that its mark was valid

and, second, that defendant's use of the challenged mark created a likelihood of confusion.", citing Burger King Corp. v. Mason, 710 F.2d 1480, 1491 (11th Cir. 1983) cert. denied, 465 U.S. 1102 (1984). Appendix, A17.

The District Court referred to the first element as the "threshold question" and the second element as the "central question". Appendix, A48. The conclusive presumption afforded incontestable marks should only be applied when considering the "threshold question" of validity.

The District Court acknowledged the impact of incontestable status on the "threshold question" and found that the validity of the mark was not in dispute. However, when it analyzed the "central

question" the mark was held to be subject to limited protection:

> [Due to the incontestable status of the registration], the validity of the mark is not in dispute, and plaintiff may prevent the use of any mark that has been used in such a away as to create a likelihood of confusion with its use of the mark as registered. See Park 'N Fly, 469 U.S. at 205, 105 S.Ct. at 667; Beer Nuts, Inc. v. Clover Club Foods Co., 805 F.2d 920, 924-25 (10th Cir. 1986); Source Services Corp. v. Chicagoland Jobsource, Inc., 643 F.Supp. 1523, 1527 (N.D. Ill. 1986).

Appendix, A51 - A52.

The Panel recognized that this Court did not address likelihood of confusion in Park 'N Fly and stated that the issue present in this case was one of first impression in the Eleventh Circuit. Appendix, A17. In reversing the District Court's finding that the mark SHUTTERWORLD was weak, however, the Panel erred when it

held that incontestable status bolsters the strength of a mark for purposes of a likelihood of confusion analysis.

The Panel refused to follow Source Services Corp. v. Chicagoland Job Source, Inc., 643 F. Supp. 1523, 1532 (N.D. Ill. 1986), the only post Park 'N Fly case expressly considered. The Panel's decision also conflicts with the weight of Circuit Court decisions addressing the issue, the legislative history and text of the Trademark Law Revision Act of 1988 codifying post Park 'N Fly decisions and views expressed in the leading trademark treatises. The majority rule is that the presumption afforded incontestable marks relates to the issue of validity and does not prevent consideration of a mark's descriptive nature when analyzing the

issue of likelihood of confusion. The Panel's decision to the contrary should be reversed.

B. The Panel's Decision is in Direct Conflict With the Interpretation of This Court's Ruling in Park 'N Fly By Various Other Courts of Appeals

With only one exception,[2] all of the Circuit Courts of Appeals which have addressed this issue have interpreted Park 'N Fly as holding merely that a mark's incontestable status precludes the defense that a mark is merely descriptive and therefore invalid. Incontestable status

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2. The sole exception is Wynn Oil Co. v. Thomas, 839 F.2d 1183, 1187 (6th Cir. 1988), where the court relied on Park 'N Fly in concluding that the incontestable status of the mark CLASSIC for car care products rendered the mark strong and worthy of broad protection.

does not prevent a court from considering descriptiveness when evaluating the mark's strength for purposes of determining likelihood of confusion.

In Oreck Corp. v. U.S. Floor Systems, Inc., 803 F.2d 166 (5th Cir. 1986), cert. denied, 481 U.S. 1069 (1987), the mark XL for floor care equipment was found to be a weak mark despite its incontestable status.

> Park 'N Fly merely held ... that an infringement action brought by the holder of an incontestable mark may not be defended on the ground that the mark is merely descriptive and therefore invalid. [Defendant's] argument was not that [plaintiff's] mark was invalid, but that it was not infringed because there was no confusion. Park 'N Fly says nothing to preclude this argument. Incontestable status does not make a weak mark strong.

Oreck, at 171 (citation omitted).

Similarly, the court in M-F-G Corp. v. Emra Corp., 626 F. Supp. 699 (N.D. Ill.

1985), aff'd, 817 F.2d 410 (7th Cir. 1987) rejected the argument that the incontestable status renders a mark distinctive as a matter of law.

> [O]nly that the validity of an incontestable trademark cannot be challenged as merely descriptive. But the validity of [plaintiff's] mark is not at issue -- only the scope of its protection. "Incontestability does not broaden a trademark in the sense that it allows a registrant to claim rights over a greater range of products than he would otherwise be entitled to claim."

M-F-G, 626 F. Supp. at 703 (citations omitted, emphasis added). The Seventh Circuit affirmed the finding that plaintiff's mark was weak due to its descriptive nature, despite its incontestable status. M-F-G, 817 F.2d at 411.

On remand from this Court, the Ninth Circuit in Park 'N Fly, considered the

mark's strength in determining likelihood of confusion, rather than presuming that the mark was strong due to its incontestable status. Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 782 F.2d 1508, 1509 (9th Cir. 1986).

The Ninth Circuit has remained consistent in this interpretation of Park 'N Fly. In Miss World (UK), Ltd. v. Mrs. America Pageants, Inc., 856 F.2d 1445 (9th Cir. 1988), the court rejected the argument that a mark is presumptively strong simply because it is incontestable:

> The conclusion does not follow. The district court decided that although the mark was incontestable it was weak. . . . [A]n incontestable status does not alone establish a strong mark.

Id. at 1449. An incontestable mark's strength must be ascertained by examining

the mark's distinctiveness and its degree of recognition in the marketplace. Id. See also, Beer Nuts, Inc. v. Clover Club Foods Co., 805 F.2d 920 (10th Cir. 1986) (a case relied on by the District Court).

C. The Federal Trademark Law Has Been Amended To Codify The Decisions Of The Other Circuits

The above outlined precedent was codified when Congress enacted the Trademark Law Revision Act of 1988, Pub. L. 100-667 ("TLRA"). Effective on November 16, 1989, section 33(b) of the Federal Trademark Law has been amended as follows:

> To the extent that the right to use a registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and the registration of the mark, of the

> registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. . . . Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1119 of this title. . .

15 U.S.C. § 1115(b) (language added by amendment underlined).

The Report and Recommendations of The Trademark Review Commission[3] adopted by the United States Trademark Association on September 13, 1987, explains the purpose of this amendment:

> Some courts have noted in passing that incontestable status does not relieve the registrant of proving infringement, or likelihood of confusion. The Commission believes that any doubt on this fundamental point should be eliminated. Trademark

3. This report is the result of two years of comprehensive review, analysis and debate relating to the policies behind and the current status of U.S. trademark law, statutory and decisional.

> infringement cannot be proved without likelihood of confusion, there being no trademark rights in gross or in the abstract. There is no evidence that the draftsmen of the [Trademark] Act intended otherwise.

77 The Trademark Reporter 415 (1987). The Senate Judiciary Committee Report on S 1883, Senate Report No. 100-515, September 15, 1988, page 33, further explains:

> "Section 30(1) of the bill revises the first paragraph of Section 33(b) of the [Lanham] Act (15 U.S.C. 1115(b)) to remove several ambiguities relating to incontestable registration. . . . [It] makes clear that incontestability does not relieve the owner of an incontestable registration from the burden of proving likelihood of confusion."

This is consistent with the interpretation of Park 'N Fly outlined in the leading trademark law treatises as well:

> In analyzing [likelihood of confusion], a court may, despite Park 'N Fly, examine the weakness of the

> mark and determine that the scope of protectability is limited.

1 J. Gilson, Trademark Protection and Practice, § 4.03[3][a][i], n.52 (1989).

> Incontestable status relates to the validity of the registered mark, implying that the "exclusive right to use" language of § 33(b) [of the Trademark Act] is subject to § 32(1)'s requirement of proof of a likelihood of confusion for infringement of a valid mark. On remand, the separate issue of infringement was addressed and likely confusion was found.

2 J. McCarthy, Trademarks and Unfair Competition § 32:44(B), at Supp. 169 (2d ed. Supp. 1988) (citations to Park 'N Fly omitted).

In sum, the Panel's holding that incontestable status affects the likelihood of confusion determination by creating a presumption that the incontestable mark is strong and thus entitled to broad protection conflicts squarely with Circuit

Court decisions interpreting Park 'N Fly, Congress's interpretation of Park 'N Fly as codified in the TLRA and illuminated in TLRA's legislative history, and the views expensed by the leading trademark scholars.

D. The Registration At Issue in This Case Should Not Have Been Afforded Incontestable Status

In reversing the District Court, the Panel specifically relied on the following facts:

> In 1976, Dieter applied for federal trademark registration of a trademark incorporating the name "Shutterworld." The mark consists of the name in script form, superimposed on a large letter "O." The registration states that Dieter first used the mark in 1970, and that it first used the mark in commerce in 1974. In 1983 Dieter supplemented its federal registration with a "combined sections 8 & 15 declaration" filed on Dieter's behalf by Janet E. Hudson as secretary-treasurer. The declaration stated that "Shutterworld, Inc., a Florida corporation" was owner of federal registration number 1,062,778.

Appendix, A3. However, the Panel did not have the referenced declaration (a trial exhibit) and could not therefore consider whether it was in compliance with the statute. The trial exhibit was defective on its face. Dieter is not entitled to rely upon any statutory presumptions afforded incontestable trademark registrations because the registration should have been cancelled.

Section 8 of the Lanham Act, 15 U.S.C. § 1058(a), provides that the registration of any mark shall be cancelled by the Commissioner of Patents and Trademarks at the end of six years following its date, unless within the sixth year after the date of registration the registrant files an affidavit or declaration showing that the mark is in use in commerce ("Declaration"). The Declaration must be executed and filed

by the owner of the registration. Failure to meet this requirement renders the Declaration void, and no substantive amendment may be made following the sixth anniversary of a registration.

Richard A. Dieter, individually, is the owner of the registration pleaded. Only Richard A. Dieter could execute and file a valid Declaration. The Declaration quoted by the Panel in its decision[4] was signed by Janet E. Hudson in her capacity as secretary-treasurer of Shutter-world, Inc., a corporation which the trial transcript revealed never existed. The Declaration was therefore void. In Re Precious Diamonds, Inc., 635 F.2d 845 (C.C.P.A. 1980) (registration cancelled due

4. The quotes were taken from the District Court's opinion. See A2, n.1. Compare Appendix, A3 and A26.

to a defective declaration signed by an individual when the registrant was a corporation); In re Weider, 212 U.S.P.Q. 947 (Comm'r. of Patents 1981) (declaration refused acceptance where declaration was signed by a corporation, rather than the individual registrant).

The Courts have the authority to correct the U.S. Patent and Trademark Office's (hereinafter "PTO") erroneous ministerial acceptance of the Declaration directing the Commissioner to cancel the registration:

> In any action involving a registered mark the court may ... order the cancellation of registrations, in whole or in part ... and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Commissioner, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

15 U.S.C. § 1119. See American Heritage Life Ins. Co. v. Heritage Life Ins. Co., 494 F.2d 3, 13-14 (5th Cir. 1974) (registration ordered cancelled on grounds that mark was merely descriptive).

The registration at issue in this case is not entitled to any statutory presumptions as a matter of law, and the Panel should have corrected the Register accordingly or remanded the case to the District Court directing it to do so.

CONCLUSION

For the foregoing reasons, Petitioner requests the Court to grant the writ and, under this Court's Rule 23.1:

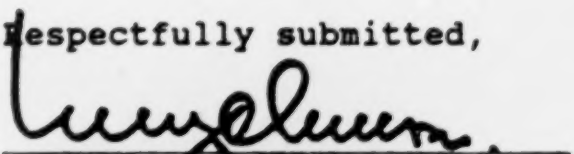
(1) reverse the decision of the Circuit Court and affirm the decision of the District Court as being not clearly

erroneous or vacate the decision of the Court of Appeals and remand this case for proceedings consistent with this Court's opinion; and

(2) declare as a matter of law that in considering the ultimate issue of likelihood of confusion in a trademark infringement case, a trademark is not made stronger merely by the fact that a registration has achieved incontestable status under 15 U.S.C. § 1115.

In the alternative, Petitioner requests the Court to grant the writ and order the case to stand for briefing and oral argument pursuant to this Court's Rule 23.2.

Respectfully submitted,



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